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PCC/RELLON JUN 05 2006

June 5, 2006

By HAND

Federal Communications Commission Wireline Competition Bureau - CPD - 214 Appls. P.O. Box 358145 Pittsburgh, PA 15251-5145

Re:

NOS Communications, Inc.

NOSVA Limited Partnership Affinity Network Incorporated

Application for Consent to Transfer Of Control of Companies Holding Blanket Domestic Authorizations Pursuant to Section 214 of the Communications Act of 1934, as Amended

Enclosed for filing, on behalf of NOS Communications, Inc. ("NOS") (FRN: 0004-3210-06), NOSVA Limited Partnership ("NOSVA") (FRN: 0014-0439-47), and Affinity Network Incorporated ("Affinity") (FRN: 0004-3210-30) (NOS, NOSVA, and Affinity, collectively the "Applicants" or "Parties"), please find an original and five (5) copies of the above-captioned application. The Parties request authority for the transfer of control of the Applicants as a result of the acquisition of the shares of Robert A. Lichtenstein ("Mr. Lichtenstein"), the largest shareholder of the Parties, by another shareholder, Samuel P. Delug ("Mr. Delug").

Remittance Form 159 and a check to cover the \$2,685 filing fee (3 companies @ \$895.00 each) are appended. An additional copy of this filing for date-stamp and return has been provided as well. If there are any questions regarding this application, please contact the undersigned counsel. Thank you in advance for your assistance with this matter.

Sincerely,

Joan M. Griffin

**Enclosures** 

# Before the FEDERAL COMMUNICATIONS COMMISSION Washington, D.C. 20554

In the Matter of	)	
NOS COMMUNICATIONS, INC.	)	WB Docket No. 06-
NOSVA LIMITED PARTNERSHIP	)	IB File No.
AFFINITY NETWORK INCORPORATED	į	<del></del>
Application for Consent to Transfer	)	
of Control of Companies Holding	ĺ	
International Authorizations and Blanket	Ó	
Domestic Authorizations Pursuant	)	
to Section 214 of the Communications Act	)	
of 1934, as Amended	)	

# <u>APPLICATION</u>

NOS Communications, Inc. ("NOS") (FRN: 0004-3210-06), NOSVA Limited Partnership ("NOSVA") (FRN: 0014-0439-47), and Affinity Network Incorporated ("Affinity") (FRN: 0004-3210-30) (NOS, NOSVA, and Affinity, collectively the "Applicants" or "Parties"), hereby request authority pursuant to Section 214 of the Communications Act of 1934, as amended, 47 U.S.C. §214 (the "Act"), and Sections 63.04 and 63.24(e) of the Commission's Rules, 47 CFR §§ 63.04, 63.24(e), for the transfer of control of the Applicants as a result of the acquisition of the shares of Robert A. Lichtenstein ("Mr. Lichtenstein"), the largest shareholder of the Parties, by another shareholder, Samuel P. Delug ("Mr. Delug"). The Applicants are competitive carriers that provide local and long distance telecommunications services to business customers throughout the U.S.<sup>1</sup>

NOS holds international resale and facilities-based authority, granted in IB File No. ITC-214-19930427-00068. NOSVA holds international resale and facilities-based authority, granted in the name of NOS Communications of Virginia, Inc., in IB File No. ITC-214-19930427-00069. NOSVA also holds

The Applicants respectfully request streamlined treatment of this Application pursuant to Sections 63.03 and 63.12 of the Commission's Rules, 47 C.F.R. § 63.03 and 63.12. This Application is eligible for streamlined processing pursuant to Section 63.03(b)(2) of the Commission's Rules, 47 C.F.R. § 63.03(b)(2), because (1) the proposed transaction will result in the Applicants (including their affiliates, as that term is defined in Section 3(1) of the Act) having a market share in the interstate, interexchange market of less than 10 percent; (2) the Applicants (including their affiliates) will provide competitive telephone exchange services or exchange access services exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction; and (3) neither the Applicants nor any of their affiliates are regulated as dominant with respect to any service. This Application also qualifies for streamlined treatment under Section 63.12 because, in accordance with Section 63.12(c), (1) the Applicants are affiliated with foreign carriers, but for each such affiliate, the foreign carrier affiliate lacks a 50 percent market share in the international transport and local access market in the countries in which it operates; (2) the Applicants are not affiliated with any dominant U.S. carrier; and (3) no authority is requested to provide switched basic services over private lines to a country for which the Commission has not previously authorized the provision of switched services over private lines.

international resale and facilities-based authority granted in IB File No. ITC-214-20040930-00381 as a result of its acquisition of the assets of Red River Networks, LLC last year. See IB File No. ITC-ASG-20050812-00316; WC Docket No. 05-264. Affinity holds international resale authority, granted in IB File No. ITC-214-19900613-00008.

# I. APPLICANTS

#### A. NOS

NOS is a corporation organized under the laws of Maryland and headquartered at 4380 Boulder Highway, Las Vegas, NV 89121. NOS provides local and long distance services (including 1+, toll free, international, and calling card services) under the names International Plus, 011 Communications, INETBA, iVANTAGE Network Solutions, and Blueridge Telecom Systems to small and medium business customers throughout the U.S. NOS provides all of its services by reselling the services of other telecommunications carriers. NOS has one (1) wholly-owned subsidiary, Optic Communications Canada, Inc. ("Optic Canada"), that provides telecommunications services. Optic Canada is a Delaware corporation that provides local and long distances services in Canada by reselling the services of other telecommunications carriers.

At present, all of the shares of NOS are held by three (3) individuals, all of whom are U.S. citizens: Mr. Delug, Ms. Rosette Delug ("Ms. Delug"), and Mr. Lichtenstein. Mr. Delug and Ms. Delug each hold a 25 percent ownership interest in NOS, while Mr. Lichtenstein holds the remaining 50 percent. The address of Mr. Delug, Ms. Delug, and Mr. Lichtenstein is c/o NOS Communications, Inc., 4380 Boulder Highway, Las Vegas, NV 89121. The principal business of Mr. Delug is telecommunications while the principal business of Ms. Delug and Mr. Lichtenstein is investment.

# B. NOSVA

NOSVA is a limited partnership organized under the laws of Maryland and headquartered at 4380 Boulder Highway, Las Vegas, NV 89121. NOSVA provides local and long distance services (including 1+, toll free, international, and calling card

services) to small and medium business customers throughout the U.S. under its own name and the name CierraCom Systems. NOSVA provides all of its services by reselling the services of other telecommunications carriers.

At present, NOSVA has three (3) limited partners, all of whom are U.S. citizens: Mr. Delug, Ms. Delug, and Mr. Lichtenstein. Mr. Delug and Ms. Delug each hold a 24.75 percent ownership interest in NOSVA, while Mr. Lichtenstein holds a 49.5 percent interest. NOS Communications of Virginia, Inc. ("NOS Virginia") is the general partner of NOSVA and holds a one (1) percent ownership interest. NOS Virginia is a Virginia corporation that is a holding company; its address is c/o NOS Communications, 4380 Boulder Highway, Las Vegas, NV 89121. At present, Mr. Lichtenstein holds a 50 percent ownership interest in NOS Virginia, while Mr. Delug and Ms. Delug each hold a 25 percent ownership interest.

## C. Affinity

Affinity is a corporation organized under the laws of California and headquartered at 3660 Wilshire Blvd., Suite 400, Los Angeles, CA 90010. Affinity provides local and long distance services (including 1+, toll free, international, and calling card services) under the names HorizonOne Communications, QuantumLink Communications, VoiP Communications, Optic Communications, and ANI Networks to small and medium business customers throughout the U.S. Affinity provides all of its services by reselling the services of other telecommunications carriers.

At present, all of the shares of Affinity are held by Mr. Delug, Ms. Delug, and Mr. Lichtenstein. Mr. Delug and Ms. Delug each hold a 25 percent ownership interest in Affinity, while Mr. Lichtenstein holds the remaining 50 percent.

## D. Interests in Other Telecommunications Carriers

Mr. Delug (along with Ms. Delug and Mr. Lichtenstein) also holds ownership interests in one (1) other telecommunications carrier, Blue Ridge Telecom Systems, LLC ("Blue Ridge"). Blue Ridge is a Delaware corporation that provides local and long distance services in the U.K., under the names Blueridge Telecom Systems, Optic Communications, and VoiP Communications; in Ireland, under the names Blueridge Telecom Systems and Optic Communications; and in Australia, under the name Blueridge Telecom Systems.<sup>2</sup> Blue Ridge provides its services by reselling the services of other telecommunications carriers. Mr. Delug and Ms. Delug each hold a 25 percent ownership interest in Blue Ridge, while Mr. Lichtenstein holds the remaining 50 percent.

A diagram showing the current corporate structure of the Applicants is provided in Exhibit A.

## II. DESCRIPTION OF THE TRANSACTION

Effective June 1, 2006, Mr. Delug and Mr. Lichtenstein entered into a Purchase Agreement pursuant to which Mr. Delug will purchase all interest of Mr. Lichtenstein in the Applicants in return for a cash payment.<sup>3</sup> The Purchase Agreement provides that Mr. Delug and Mr. Lichtenstein will close in escrow and that consummation is conditioned upon receipt of all necessary regulatory approvals.<sup>4</sup> Following consummation of the

Although Blue Ridge holds a certificate to provide intrastate service in California, it does not provide telecommunications services in the U.S. at this time.

Mr. Delug will also purchase Mr. Lichtenstein's interest in NOS Virginia and Blue Ridge pursuant to the Purchase Agreement.

The Commission has recognized that closing in escrow, with consummation conditioned upon receipt of Commission approval, complies with Commission requirements. See In re Applications of Arlie L. Davison and Assoc. Inc., 11 FCC Rcd 15,382, 15,386, n. 8 (1996).

transactions described in the Purchase Agreement, Mr. Delug will hold a 75 percent ownership interest in NOS and a 75 percent ownership interest in Affinity, and over 74 percent of the ownership interest in NOSVA as a limited partner. Ms. Delug will continue to hold a 25 ownership interest in NOS and a 25 percent ownership interest in Affinity, and over 24 percent of the ownership interest in NOSVA as a limited partner.

A diagram showing the corporate structure of the Applicants post-close is provided in Exhibit B.

## III. PUBLIC INTEREST STATEMENT

The transfer of control of the Applicants from Mr. Lichtenstein to Mr. Delug will serve the public interest. Mr. Lichtenstein has determined that continued participation as an investor in the Applicants is no longer consistent with his investment objectives. Mr. Delug's purchase of Mr. Lichtenstein's ownership interests in the Applicants will enable the Applicants to continue to participate in the highly competitive market for telecommunications services.

At the same time, the proposed transaction does not present any anti-competitive issues. Since the proposed transaction entails simply the sale of ownership interests from one shareholder to another, the transaction will be completely transparent to customers. The Applicants will continue to provide high-quality communications services to their customers without interruption and without change in rates, terms or conditions. Furthermore, the proposed transaction will not have a negative impact on competition. The Applicants are non-dominant carriers that will continue to compete with Verizon, at&t, and other carriers in the local and long distance markets for 1+, toll free,

international, and calling card services. No existing or potential competitors will be eliminated as a result of the proposed transaction.

# IV. INFORMATION REQUIRED BY SECTION 63.24(e) OF THE COMMISSION'S RULES

In support of this Application, the Applicants submit the following information pursuant to Section 63.24(e) of the Commission's Rules, including the information requested in Section 63.18:

(a) Name, address and telephone number of the transferor, transferee, and licensees being transferred:

Mr. Robert A. Lichtenstein ("Mr. Lichtenstein") (transferor) c/o NOS Communications, Inc.

4380 Boulder Highway

Las Vegas, NV 89121

Tel: (702) 547-8692

Fax: (702) 547-8546

Mr. Samuel P. Delug ("Mr. Delug") (transferee)

c/o NOS Communications, Inc.

4380 Boulder Highway

Las Vegas, NV 89121

Tel: (702) 547-8692

Fax: (702) 547-8546

NOS Communications, Inc. ("NOS") (licensee)

4380 Boulder Highway

Las Vegas, NV 89121

Tel: (702) 547-8692

Fax: (702) 547-8546

FRN: 0004-3210-06

NOSVA Limited Partnership ("NOSVA") (licensee)

4380 Boulder Highway

Las Vegas, NV 89121

Tel: (702) 547-8692

Fax: (702) 547-8546

FRN: 0014-0439-47

Affinity Network Incorporated ("Affinity") (licensee) 3660 Wilshire Blvd., Suite 400

Los Angeles, CA 90010

Tel: (213) 252-1133 Fax: (213) 293-1679 FRN: 0004-3210-30

- (b) NOS is a corporation organized under the laws of Maryland. NOSVA is a limited partnership organized under the laws of Maryland. Affinity is a corporation organized under the laws of California. Mr. Lichtenstein and Mr. Delug are both U.S. citizens.
- (c) Correspondence concerning this Application should be sent to:

Jessica Renneker Director of Regulatory Affairs NOS Communications, Inc. 4380 Boulder Highway Las Vegas, NV 89121 Tel: (702) 547-8486 Fax: (702) 942-5055

irenneker@nos.com

With copy to:

Joan M. Griffin Kelley Drye & Warren LLP 3050 K Street NW, Suite 400 Washington, D.C. 20007

Tel: (202) 342-8572 Fax: (202) 342-8452 igriffin@kelleydrye.com

(d) Neither Mr. Lichtenstein nor Mr. Delug hold Section 214 authority. NOS holds international resale and facilities-based authority, granted in IB File No. ITC-214-19930427-00068. NOSVA holds international resale and facilities-based authority, granted in the name of NOS Communications of Virginia, Inc., in IB File No. ITC-214-19930427-00069. NOSVA also holds international resale and facilities-based authority granted in IB File No. ITC-214-20040930-00381 as a result of its acquisition of the assets of Red River Networks, LLC last year. See IB File No. ITC-ASG-20050812-00316; WC Docket No. 05-264. Affinity holds international resale authority, granted in IB File No. ITC-214-19900613-00008.

(h) NOS. Following consummation of the transactions contemplated by the Purchase Agreement, Mr. Delug will hold a 75 percent ownership interest in NOS, while Rosette Delug ("Ms. Delug") will hold the remaining 25 percent. Both Mr. Delug and Ms. Delug are U.S. citizens. The principal business of Mr. Delug is telecommunications, while the principal business of Ms. Delug is investment. The address of Mr. Delug and Ms. Delug is c/o NOS Communications, 4380 Boulder Highway, Las Vegas, NV 89121.

NOSVA. Following consummation of the transactions contemplated by the Purchase Agreement, Mr. Delug will hold a 74.25 percent ownership interest in NOSVA, while Rosette Delug ("Ms. Delug") will hold 24.75 percent. Both Mr. Delug and Ms. Delug are U.S. citizens and limited partners in NOSVA. The principal business of Mr. Delug is telecommunications, while the principal business of Ms. Delug is investment. The address of Mr. Delug and Ms. Delug is c/o NOS Communications, 4380 Boulder Highway, Las Vegas, NV 89121. The general partner of NOSVA and holder of the remaining one (1) percent ownership interest is NOS Communications of Virginia, Inc. ("NOS Virginia"), a Virginia corporation that is a holding company and whose address is c/o NOS Communications, 4380 Boulder Highway, Las Vegas, NV 89121. Following consummation of the transactions contemplated by the Purchase Agreement, Mr. Delug will hold a 75 percent ownership interest in NOS Virginia, while Ms. Delug will hold a 25 percent ownership interest in NOS Virginia. The principal business of Mr. Delug is telecommunications, while the principal business of Ms. Delug is investment. The address of Mr. Delug and Ms. Delug is c/o NOS Communications, 4380 Boulder Highway, Las Vegas, NV 89121.

Affinity. Following consummation of the transactions contemplated by the Purchase Agreement, Mr. Delug will hold a 75 percent ownership interest in Affinity, while Rosette Delug ("Ms. Delug") will hold the remaining 25 percent. Both Mr. Delug and Ms. Delug are U.S. citizens. The principal business of Mr. Delug is telecommunications, while the principal business of Ms. Delug is investment. The address of Mr. Delug and Ms. Delug is c/o NOS Communications, 4380 Boulder Highway, Las Vegas, NV 89121.

The following individuals will be interlocking directors with a foreign carrier post-close: Joseph T. Koppy, Nathan R. Brown, Asher Delug, and Stuart M. Bivans. The Parties note that neither Mr. Delug nor Ms. Delug is currently an officer or director of NOS, NOSVA, or Affinity, and that neither Mr. Delug nor Ms. Delug will be an officer or director of NOS, NOSVA, or Affinity post-close.

(i) As evidenced by the signature of the Applicants' authorized representative to this Application, the Applicants certify for themselves and Mr. Delug that (1) the Applicants are not foreign carriers, and (2) the Applicants are affiliated with foreign carriers in Australia, Canada, Ireland, and the U.K.

- (j) As evidenced by the signature of the Applicants' authorized representative to this Application, the Applicants certify for themselves and Mr. Delug that (1) the Applicants are not foreign carriers in any destination market; (2) NOS controls a foreign carrier in Canada; (3) post-close, Mr. Delug will control the Applicants and foreign carriers in Australia, Canada, Ireland, and the U.K.; and (4) two or more foreign carriers (or parties that control foreign carriers) do not own, in the aggregate, more than 25 percent of either Applicant and are parties to, or the beneficiaries of, a contractual relation affecting the provision or marketing or international basic telecommunications services in the United States.
- (k) Australia, Canada, Ireland, and the U.K. are Members of the World Trade Organization.
- (1) Each of the Applicants' foreign carrier affiliates in Australia, Canada, Ireland, and the U.K. holds significantly less than 50 percent market share in the international transport and local access markets in its country of operation. Accordingly, the Applicants' foreign carrier affiliates lack market power and the Applicants are entitled to a presumption of non-dominant treatment on all routes.
- (m) See response to item (l).
- (n) As evidenced by the signature of the Applicants' authorized representative to this Application, the Applicants certify for themselves and Mr. Delug that they have not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route, and that they will not enter into such agreements in the future.
- (o) As evidenced by the signatures of the Applicants' authorized representative to this Application, the Applicants certify for themselves and Mr. Delug, pursuant to Sections 1.2001 through 1.2003 of the Commission's Rules, that they are not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.
- (p) Applicants request streamlined processing of this Application pursuant to Section 63.12 of the Commission's Rules, 47 C.F.R. § 63.12. This Application qualifies for streamlined treatment under Section 63.12 because, in accordance with Section 63.12(c), (1) the Applicants are affiliated with foreign carriers, but for each such affiliate, the foreign carrier affiliate lacks 50 percent market share in the international transport and local access market in the countries in which it operates; (ii) the Applicants are not affiliated with any dominant U.S. carrier; and (iii) no authority is requested to provide switched basic services over private lines to a country for which the Commission has not previously authorized the provision of switched services over private lines.

# V. INFORMATION REQUIRED BY SECTION 63.04(b) OF THE COMMISSION'S RULES

In accordance with the requirements of Section 63.04(b) of the Commission's Rules, the additional information required for the domestic Section 214 transfer of control application is provided in Exhibit C.

# VI. CONCLUSION

Based on the foregoing, the Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by grant of this Application.

Respectfully submitted.

Raymond A. Perea

NOS Communications, Inc.

4380 Boulder Highway

Las Vegas, NV 89121

Tel: (702) 547-8692

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General Counsel

NOS COMMUNICATIONS, INC. NOSVA LIMITED PARTNERSHIP AFFINITY NETWORK INCORPORATED

Joan M. Griffin Kelley Drye & Warren LLP 3050 K Street NW, Suite 400 Washington, D.C. 20007 Tel: (202) 342-8572

Fax: (202) 342-8452 jgriffin@kelleydrye.com

Their Attorney

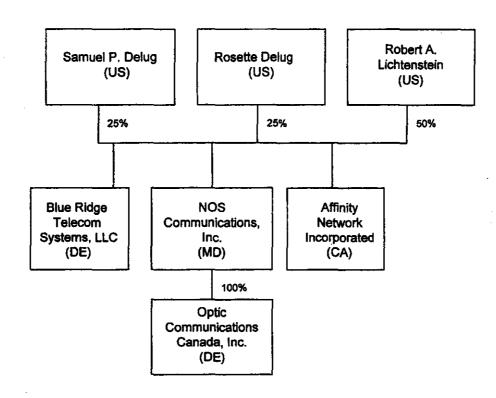
Date: June 5, 2006

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# LIST OF EXHIBITS

EXHIBIT A	Current Corporate Structure of NOS, NOSVA, and Affinity
EXHIBIT B	Proposed Corporate Structure of NOS, NOSVA, and Affinity Post-Close
EXHIBIT C	Domestic Section 214 Transfer of Control Information

# **Current Corporate Structure of NOS and Affinity**

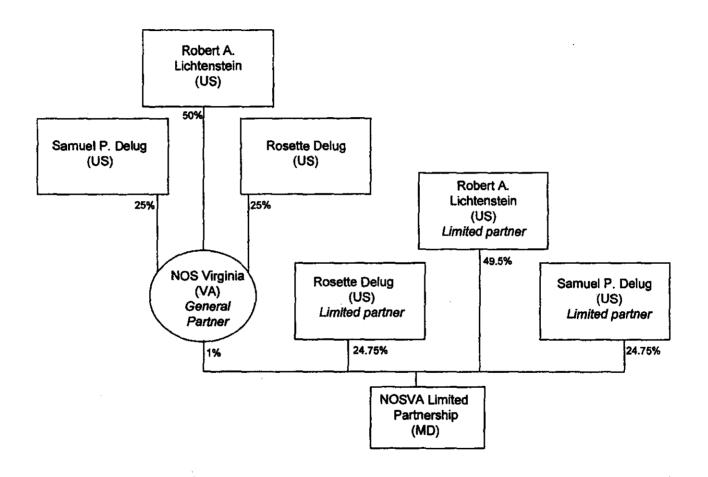


# Notes

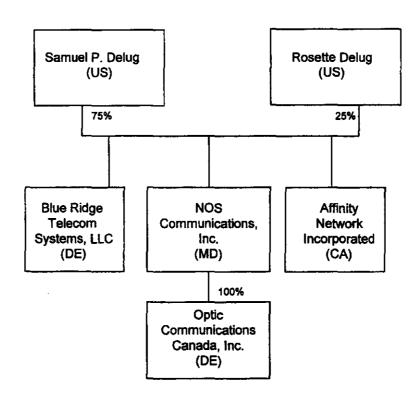
Blue Ridge Telecom Systems, LLC provides service only in the UK, Ireland, and Australia.

Optic Communications Canada, Inc. provides service only in Canada.

# **Current Corporate Structure of NOSVA**



# Proposed Corporate Structure of NOS and Affinity Post-Close

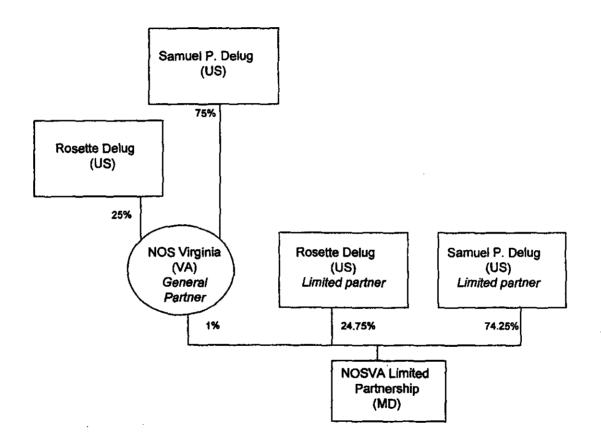


## **Notes**

Blue Ridge Telecom Systems, LLC provides service only in the UK, Ireland, and Australia.

Optic Communications Canada, Inc. provides service only in Canada.

# Proposed Corporate Structure of NOSVA Post-Close



## **EXHIBIT C**

## DOMESTIC SECTION 214 TRANSFER OF CONTROL INFORMATION

In accordance with the requirements of Section 63.04(b) of the Commission's Rules, 47 C.F.R. § 63.04, the Applicants provide the following information in support of their request.

63.04(b)(6): Description of the Transaction

The proposed transaction is described in Section II of the Application.

63.04(b)(7): Description of Geographic Service Area and Services in Each Area

A description of the geographic service areas and services provided in each area is described in Section I of the Application.

63.04(b)(8): Presumption of Non-Dominance and Qualification for Streamlining

This Application is eligible for streamlined processing pursuant to Section 63.03(b)(2) of the Commission's Rules, 47 C.F.R. § 63.03(b)(2), because (1) the proposed transaction will result in the Applicants (including their affiliates, as that term is defined in Section 3(1) of the Act) having a market share in the interstate, interexchange market of less than 10 percent; (2) the Applicants (including their affiliates) will provide competitive telephone exchange services or exchange access services exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction; and (3) neither the Applicants nor any of their affiliates are regulated as dominant with respect to any service.

63.04(b)(9): Other Pending Commission Applications Concerning the Proposed Transaction

None.

63.04(b)(10): Special Considerations

None.

63.04(b)(11): Waiver Requests (If Any)

None.

63.04(b)(12): Public Interest Statement

The proposed transaction is in the public interest for the reasons detailed in Section III of the Application.